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THRU : Chief, Industrial Division, RI
Chief, Electrical Equipment Branch, Industrial Division, RI

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Moscow Embassy Despatch #279 Bis (Visit to VEF Electronics Factory in Riga), 2 Dec. 1957 and Despatch #330, 3 Jan. 1958.

1. In view of pressing requirements to increase and improve our knowledge of the Soviet electronics industry, the information contained in the above-referenced Despatch was found by this Branch to be relevant and useful. Because of the importance we attach to determining factory value of output as distinct from retail value, we were particularly interested in those statistics relative to VEF's radio output given on page 3 of the Despatch. Certain questions arise from the data as presented, however, and further assistance from the Embassy is solicited in the hope that these questions might be resolved.

2. Although the actual production figures given on p. 3 are in fairly good agreement with other sources, there appear to be serious discrepancies between the price data as presented in the Despatch and those published elsewhere by the Soviets. For example, in the Soviet trade brochure Radio Leningrad, #3, 1957 and in other 1957 sources the retail prices of the "Lyuks" and "Akord" radio-phonographs are listed respectively as 2300 rubles and 1150 rubles. It will be observed that these figures are substantially lower than both the "Retail Price" and "Cost Price" for the same items as given in the Despatch.

3. It would seem illogical for plant officials deliberately to supply retail price figures which (a) are considerably higher than those actually prevailing and (b) whose falsity could be readily detected by reference to open literature or store windows. We are wondering, therefore, if any other interpretation can be placed upon the data as given to the Embassy officers.

4. On the question of television sets, Despatch #330, 3 Jan. 1958, states that they "were already being sold below cost price according to Kondrashov of the Institute of Socialist Economics". Although we have a statement by Kondrashov in Техно-экономические перспективы СССР, (Confidential, 1956), p. 19 indicating that TV sets are sold below their "value" (стоимость) we are not confident that this necessarily means they are being sold below cost price (себестоимость). Should the Embassy be aware of some other source in which Kondrashov expresses himself more clearly on this subject, we would be happy to learn of it.

SUBJECT: Moscow Embassy Despatch #279 BLS (Visit to VEF Electronics Factory in Riga), 2 Dec. 1957 and Despatch #330, 3 Jan. 1958.

5. Any further information the Embassy can acquire concerning factory costs or wholesale prices of consumer electronics goods, particularly in cases where retail prices are also available, would assist us considerably in determining the value of output produced by this industry.

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